Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

PAGE 01 TOKYO 12341 040943Z

15
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06

LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 /110 W
---------- 089636
R 040859Z SEP 75
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 3019
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION OECD PARIS

UNCLAS TOKYO 12341

PASS TREASURY, FEDERAL RESERVE, COMMERCE AND CEA

E.O. 11652: N/A
TAGS: ECON, EFIN, JA
SUBJECT: GNP - SECOND QUARTERPRELIMINARY ESTIMATE

REF: TOKYO 7806

SUMMARY: JAPAN'S REAL GNP, SEASONALLY ADJUSTED ROSE 0.8 PERCENT IN SECOND QUARTER 1975, REVERSING DECLINES OF THE TWO PREVIOUS QUARTERS. FINAL DOMESTIC DEMAND INCREASED BY ONLY 0.1 PERCENT IN REAL TERMS FROM PRIOR QUARTER REFLECTING LACK OF VIGOROUS RECOVERY OF MOST FINAL DEMAND COMPONENTS. CONSUMPTION FELL 0.4 PERCENT FROM PRIOR QUARTERWHILE DOMESTIC FIXED CAPITAL FORMATION ROSE 0.3 PERCENT. END SUMMARY.

1. JAPAN'S REAL GROSS NATIONAL PRODUCT, SEASONALLY ADJUSTED, INCREASED BY 0.8 PERCENT FROM FIRST QUARTER LEVEL ACCORDING TO PRELIMINARY ESTIMATES RELEASED BY EPA. THIS RISE IN
UNCLASSIFIED

PAGE 02 TOKYO 12341 040943Z

TOTAL REAL GNP, THE FIRST SINCE JULY-SEPT QUARTER OF 1974, WAS MAINLY DUE TO SHARP INCREASE IN RESIDENTIAL CONSTRUCTION AND GROWTH IN THE NET FOREIGN BALANCE. WHILE THE ANNUAL RATE OF INCREASE IN TOTAL REAL GNP

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

WAS 3.2NPERCENT, REAL FINAL DOMESTIC DEMAND ROSE AT A RATE OF ONLY 0.4 PERCENT FROM FIRST QUARTER REFLECTING DULL PACE OF CONSUMPTION AND BUSINESS INVESTMENT DURING THE SPRING. PRIVATE CONSUMPTION AND PRIVATE NON-RESIDENTIAL INVESTMENT DECLINED AT ANNUAL RATE OF 1.6 AND 14.4 PERCENT, RESPECTIVELY. THE SHARP INCREASE IN PRIVATE RESIDENTIAL INVESTMENT (WHICH ADVANCED AT A 40.4 PERCENT ANNUAL RATE) APPEARS TO REFLECT THE IMPACT OF SPECIAL GOVERNMENT LOAN PROGRAMS TO AID THE PRIVATE HOUSING INDUSTRY INSTITUTED IN THAT QUARTER. TH LEVEL OF INVENTORY INVESTMENT ROSE SOMEWHAT FROM THAT IN THE FIRST QUARTER.

2. THERE WAS ONLY A SMALL REVISION IN TOTAL REAL GNP FIGURES FOR THE FIRST QUARTER OF 1975, WITH THE ERCENT DECLINE FROM THE FINAL QUARTER OF 1974 NOW ESTIMATED AT 0.5 PERCENT RATHER THAN THE 0.7 PERCENT DECREASE REPORTED REFTEL. FOLLOWING ARE GNP HIGHLIGHTS FOR RECENT QUARTERS BASED ON SEASONALLY ADJUSTED FIGURES AND EXPRESSED AS PERCENT CHANGE FROM THE PRIOR QUARTER:

	1974 IV	1975 I	II
NOMINAL GNP	2.8	-1.4	3.7
GNP DEFLATOR	3.2	-1.0	2.9
REAL GNP	-0.4	-0.5	0.8
REAL FINAL DOMESTIC DEMAND	-0.9	1.4	0.1

3. CHANGES IN COMPONENTS OF GNP DURING MOST RECENT THREE QUARTERS BAASED ON SEASONALLY ADJUSTED IGURES IN CONSTANT PRICES AND EXPRESSED AS PERCENT CHANGES FROM PREVIOUS QUARTER WERE AS FOLLOWS:

	1974 IV	1975 I	II
PRIVATE CONSUMPTION OAP	3.0	-0.4	

UNCLASSIFIED

PAGE 03 TOKYO 12341 040943Z

GOVERNMENT CONSUMPTION	0.0	-1.1	2.4
FIXED INVESTMENT	0.7	-0.4	0.3
HOUSING, PRIVATE	4.8	-9.9	8.9
GOVERNMENT INVESTMENT	6.5	8.8	1.9
FINAL DOMESTIC DEMAND	-0.9	1.4	0.1
INVENTORPES	-22.8	-76.3	14.8
NET EXTERNAL SURPLUS ON CURRENT ACCOUNT	53.0	3.7	16.5
EXPORTS OF GOODS & SERVICES	4.8	-3.8	2.2

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

IMPORTS OF GOODS &
SERVICES -3.6 -5.9 -2.2
GNP - REAL -0.4 -0.5 0.8

4. EPA OFFICIAL, NOTING SIXTH CONSECUTIVE QUATERLY DECLINE IN PRIVATE PLANT AND EQUIPMENT INVESTMENT, SAID THIS APPEARED TO REFLECT NOT ONLY THE SIZE OF THE CURRENT DEFLATIONARY GAP (ABOUT 20 PERCENT EXCESS MANUFACTURING CAPACITY), BUT ALSO EXPECTATIONS THAT FUTURE GROWTH RATES WILL NOT B AS HIGH AS IN THE PAST. OFFICIAL POINTED TO 1965 RECESSIN, WHEN DEFLATIONARY GAP WAS ALSO VERY LARGE (15 PERCENT) BUT PRIVAGE EQUIPMENT INVESTMENT REEBOUNDED RAPIDLY AS MANUFACTURERS INCREASED CAPACITY TO PREPARE FOR RESUMPTION OF HIGH PRODUCTION RATES. HODGSON

UNCLASSIFIED

<< END OF DOCUMENT >>

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO12341
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750305-0784
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197509106/baaaafyv.tel
Line Count: 125
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAR 2003 by MaustMC>; APPROVED <14 JAN 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ECON, EFIN, JA
To: STATE INFO BONN
LONDON
PARIS
ROME
OECD PARIS
Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006